



110 Bartholomew Ave Ste 3050, Hartford CT 06106 • T 860-247-2437 • F 860-761-6711 • act-ct.org

March 1, 2023

Testimony regarding RB 6759: An Act Concerning Early Childhood

Senator McCrory, Representative Currey, Senator Berthel, Representative McCarty, and members of the Education Committee,

My name is Liz Fraser. I am the Policy Director for the Connecticut Association for Human Services, (CAHS), a division of Advancing Connecticut Together. CAHS advances multi-generational policy and program solutions which promote family economic well-being, and foster equitably resourced communities. Thank you for the opportunity to testify on RB 6759: An Act Concerning Early Childhood

Section 2: CAHS fully supports the eligibility for Care4Kids to continue to include students, participants in job training, and apprenticeship programs. The lack of childcare is a barrier to parents who are seeking to gain the knowledge and skills needed toward better employment opportunities and can also impede the progress of students and participants.

Section 3: CAHS understands the importance of the licensing requirements for early childhood programs. Licensing ensures that programs are safe, have appropriate staffing, and a standard of quality. Generally, we promote licensing all programs. We realize there are already exceptions. However, we don't believe that exceptions should be granted unless the program has unique circumstances.

Section 4: CAHS fully supports allowing child care center employees to administer epinephrine in emergency situations. Often parents of young children (and their pediatricians) don't yet know if their child has a severe allergy. It is a matter of safety to have epinephrine available in the case a child eats something that causes anaphylaxis, or is exposed to a substance that causes anaphylaxis. Proper training is already required by licensing for any potential injection.

Section 1 of RB 6759 would require center based early childhood providers to compensate early educators according to the compensation scale developed by the OEC.¹ This section gets to the heart of the early care crisis and we appreciate its inclusion. The early care and education business model is just not working and most providers can not afford the cost of staffing their programs appropriately. Yet parents can't afford the present cost . Janet Yellen put it quite bluntly when she remarked "Child care is a textbook case of a broken market."

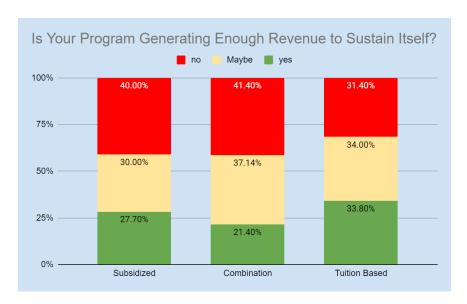
We are asking you to pass HB 6759 out of Committee with funding to begin to address staff compensation, parent cost, and the well-being of the early care and education system. But, one time money won't fix the broken business model. It will need a sustainable, dedicated funding stream. This will take time and thoughtfulness. We ask this committee to make this a priority, to consider funding early childhood programs as the foundation of our state's educational continuum, and to work with your colleagues, providers, advocates and parents to ensure we have an economically viable system that is accessible and affordable to all families, and can attract well compensated early educators.

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Research is clear, the early years are crucial to a child's development and future outcomes. We know that for most families to afford to live in our state, both parents need to work. We need a strong, sustainable and affordable system of early care programs to ensure the economic wellbeing of young families and our state's economy.

However, most early care programs operate on a very slim margin and providers are struggling to stay afloat with the current salary structure. Parents are already finding it difficult to afford care, and the tuition increases needed to pay staff appropriately would price many out of the market.

CAHS conducted an early care provider survey in November of 2022, with respondents representing about 20% of center based capacity, and about 8% of Family Home care. The survey provides evidence that the industry is still unstable. 34% of the respondents, (representing private tuition based, fully subsidized, and hybrid combination models), don't believe they are generating enough revenue to sustain their program. Another third of the industry are unsure if their program is sustainable.²



The inability to hire staff is the biggest roadblock cited. Most programs, (state funded, private pay, for profit and nonprofit), do not bring in enough revenue to compensate early care educators with close to appropriate wages and benefits.

Early educators are the lowest paid employees in the state; understandably there has been a massive turnover in early care programs. Many well credentialed teaching staff members are leaving the industry for the public school, or other jobs with better wages and compensation, (including retail stores like Target and Amazon).

The low salaries offered, (and often lack of insurance), is discouraging new educators from joining the field. This has served to dry up the early care workforce pipeline, and has left a limited pool of applicants to fill positions. Applicants with education, training, and experience are almost non-existent.

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² CAHS survey November 2022 (available upon request)

The November survey data indicates there are an estimated 4,400 staff vacancies statewide, and hundreds of closed classrooms resulting in about 22,000 early childhood unutilized slots. Accordingly, many programs have waiting lists, leaving parents to find other options of care, or work from home with their children as they wait for staff to be hired, and space to become available. Other parents take part-time work or are leaving the workforce entirely.

There are reasons why this is happening. **State funded centers, and programs accepting School Readiness dollars can't raise their rates.** Rates are established by the state and since 2015 there have been little or no increases. Meanwhile, there has been a 64% increase in the minimum wage that has impacted programs, not to mention inflation, rising utility costs, and just maintaining program quality. Required staffing credentials, put in place to ensure that state funded programs have high quality, can't be met. We keep kicking the requirement down the road rather than fixing the problem.

For 60% of parents, the tuition comes *entirely* **from the family budget.** Today, the average cost of early care is upwards of \$12,000 for preschool and \$16,000 a year for infants and toddlers.³ To be clear, this is the **average cost of care**, which as discussed is not enough to compensate staff and/or sustain programs. Yet, even at this rate, the cost of care is prohibitive for most families.

Even families that receive Care4Kids subsidies have a family co-pay, and they are responsible for the difference between the subsidy and what the program charges. For parents that make over 40% of State Median Income, they are responsible for 10% of the cost, plus the difference. So, many parents who think the subsidy will pay for almost all of the tuition are greatly surprised when they discover they are responsible for much more than planned. At present only parents making up to 60% of SMI are eligible to receive a subsidy. For a family of four this is \$76,465. However in June of 2023, with the loss of ARPA funds, the eligibility will roll back to 50% of SMI or \$63,721. Any family making over 40% of SMI or 25,488 is responsible for 10% of the cost, plus any difference between the subsidy and actual tuition.

"Where are the children?" was a comment that resonated throughout the CAHS Survey. Many family home providers with low enrollment, commented that parents were unable to afford the cost of care, and did not enroll the children. They believe that parents either found informal care, watched them as they worked from home, or made the choice to stop working. When parents can't afford licensed care, they choose other potentially less desirable options.

The federal government cites 7% of income as reasonable to pay for child care. The most recent United Way Alice Report⁴ explains that for a family of four to live in Connecticut they would need to earn over \$90,000, just for a bare minimum survival budget. For this family, childcare is the highest cost in their budget, at over \$1,800 per month, or \$21,0000 per year- and they are not eligible for Care4Kids. If this family was to pay 7% of their income it would be \$580, or about \$7,000 a year- much more realistic for a young family.

A recent OEC parent survey⁵ has gathered data that suggests parents are crippled by the high cost of care. The survey notes that 17% of parents are paying over 30% of their family income on child care so they can work, most others, including any low income families, are paying well more than the 7% of family income considered reasonable by the federal government.

³ https://www.ctoec.org/wp-content/uploads/2022/06/CBC-Final-Report-f-6-28-22.pdf ⁴https://alice.ctunitedway.org/wp-content/uploads/2020/11/ALICE-2020-Executive-Summary -8.25.2020-1.pdf

⁵ OEC Parent Survey Results presentation to CtCC 12-14-22

The actual cost of care (which is needed to pay appropriate compensation and realistically operate a program) is much more. The Office of Early Childhood issued a research report based on a narrow cost study,⁶ which indicates the cost per child would be \$31,767 for an infant, and \$16,138 for a preschooler. This would allow programs to operate efficiently, and early educators would be paid according to the OEC wage scale, based on experience and education.

The ability to access and afford early care is not just an early childhood problem or a parent problem; it is an economic problem for the state.

When a parent is not able to work due to the inability to access affordable care, the cost to families, employers and tax-payers is significant. A Feb 2023 report from Ready Nation states that "the nation's infant-toddler child care crisis now costs \$122 billion in lost earnings, productivity, and revenue every year"

⁷ The report estimates that Connecticut alone is losing 1.5 billion dollars. (This does not include pre-school.)

We know Connectiut has many more jobs than there are job seekers to fill them, and Electric Boat alone needs to hire about 2,000 more workers. We know we have an aging workforce and need to attract young workers to the state. In the Hartford Business Journal, Matt McSpedon, Chair of the Board for CBIA was quoted as saying:"A CBIA survey found 90% of employers are struggling to fill positions", he went on to cite child care affordability and access as one of the driving reasons. "Many parents find child-care expenses would almost entirely eat up any salary they could earn while working."

According to the Economic Policy Institute, "meaningful child care reform that capped families' child care expenses at 7% of their income would save a typical Connecticut family with an infant \$9,194 on child care costs. This would free up 13.2% of their (post–child care) annual income to spend on other necessities. Parents would have more opportunities to enter the labor force. If child care were capped at 7% of income, 15,349 more parents would have the option to work. This reform would expand Connecticut's economy by 0.8%. That's \$2.1 billion of new economic activity".

Thousands of children across the state are not in child care right now because there are no teachers to fill classrooms. Other children seem to have disappeared, and may not be in consistent and appropriate care. Many parents, mostly women have left the workforce, or have reduced hours to care for their young children. What does this mean for children? What does this mean for their parents? What about Connecticut's economic growth? Even as we try to attract businesses and a younger workforce to Connecticut, we are not fully considering the value of early care and education as the underpinning of a strong economy.

The answer is clear, not enough public funding has been put into a system of early care and education that supports the ability of parents to work, gives children a strong start, and contributes to the overall economy. If we want to keep our young adults in the state, and attract a young, and vibrant workforce to Connecticut, then we need to value early care and education as a public good, and giving businesses the employees they need to grow our economy, parents the opportunity to be financially secure in our state, and children a strong early start.

⁶ https://www.ctoec.org/wp-content/uploads/2022/06/CBC-Final-Report-f-6-28-22.pdf

⁷https://www.strongnation.org/articles/2040-the-infant-toddler-child-care-crisis-exacts-a-heavy-economic-toll-nationwide

⁸ https://www.epi.org/child-care-costs-in-the-united-states/#/CT